



DEFENSE FINANCE AND ACCOUNTING SERVICE

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MAY 13 1996

DFAS-HQ/F

MEMORANDUM FOR DIRECTOR DEFENSE FINANCE AND ACCOUNTING SERVICE
- CLEVELAND CENTER
DIRECTOR DEFENSE FINANCE AND ACCOUNTING SERVICE
- DENVER CENTER
DIRECTOR DEFENSE FINANCE AND ACCOUNTING SERVICE
- INDIANAPOLIS CENTER
DIRECTOR DEFENSE FINANCE AND ACCOUNTING SERVICE
- KANSAS CITY CENTER

Subject: Department of Defense Financial Management Regulation,
Volume 7A, (DoDFMR, Vol 7A), Taxability of Disability
Severance Pay, (DFAS Item F-26)

This is DFAS Interim Change Number 16-96 to the Department
of defense Financial Management Regulation (DoDFMR) Volume 7,
Part A.

We evaluated your comments on the draft change and included
your comments in the attached final version where appropriate.
Assignment of an interim change number is your authority to
initiate a procedural modification to facilitate this DoDFMR
change.

We have determined this policy change does not require a
change to the current pay systems. Centers are advised to make
DFAS-Headquarters (FMM) an information addressee on implementing
field procedures. For the Denver Center, use the attached to
initiate the formal printed change to the DoDFMR.

You may reach our point of contact LtCol David Barber, at
DSN 327-5058 or Commercial (703) 607-5058.

Roger W. Scarce
Brigadier General, USA
Deputy Director for Finance

Attachments
As stated

CC:

ASD (FMP)

DGC (F)

DFAS-DE/DG

Service Liaisons

USCF/NOAA/PHS Liaisons

DFAS-HQ/FC

DJMS-PMO

DFAS Item Number F-26

Interim Change Number 16-96

Change paragraph 40434a(1) to read as follows:

"On 24 September, 1975, the individual was either a member of a Uniformed Service or was under a binding written commitment to become a member."